The following Essay is from the pen of a gentleman entirely familiar with the subject of which he treats, having been formerly in Europe a Professor of Political Economy. It may be proper to state that the article was written early in the present year, and was then, by the kindness of a citizen of Philadelphia, translated from the French for the columns of this paper. Though there is less excitement at this moment on the topic which it discusses than there was at that time, it retains enough of real interest to make it acceptable to a large class of readers.

MEANS OF COMPENSATING FOR THE SCARCI-

The large exportations of Silver Coin have rendered the quantity which remains in the circulation insufficient, and every one is complaining of difficulty in pecuniary transactions requiring the employment of that kind of money; a difficulty the more felt since it exists in the purchase and sale of those articles of little value, which concern each citizen every day and every moment?

And since this scarcity of silver money is the result of a permanent cause, and is consequently of indefinite duration, it is important to think of some means of obviating so grave an inconvenience, which affects the general economy of the

The cause we just spoke of is itself the result of two things 1st. The establishment by the monetary law of a fixed relation between the value of pieces of gold and that of pieces of silver; 2d. The deprecia ion of the value of gold, which in spite of the law has altered this relation.

In fact, the depreciation of the value of gold has led to the relative elevation of the value of silver; then, since payments can be made at will either in gold or silver, every one preferring to make them with that money which has least value, the coin whose value is relatively the highest, of course goes out of the c reulation and is used for other purposes Again, if, in order to supply the vacancy which the withdrawal of silver coin has created in the circulation, Government thinks proper to coin new pieces of silver, it would cause the country uselessly to submit to great pecuniary sacrifices without remedying the evil, the extinction of which it had in view, for the new pieces would immediately cease to circulate, being withdrawn by the same force which had ex-

Now, in this impossibility of restoring to the circulatio the silver coin which has left it, what must be done? We believe we can announce the solution of this problem, a solution much more easy than is thought, provided the true principles which rule monetary doctrine be but thoroughly

In 1839 we published in Brussels a work entitled Financial Crises, and the Reform of the Monetary System. In this writing it is plainly demonstrated that a metallic mone-tary system is imperfect and insufficient for the accomplishment of all the monetary transactions which take place in countries which ere elevated to a high degree of power, com mercial and industrial; and they have been obliged to admit into the circulation bank notes as currency, in order to obviate this insufficiency. But the means the surest, the most economical, the most advantageous to the general interests of the country, is to substitute for metallic money money of paper. We say money of paper, and not paper money, which has given rise to so many catastrophes, and which differs from the first as the sign from the thing itself, as the thing representing from the represented. We are not ignorant that the abolition of metallic money and the adoption of money of paper shocks all received ideas on this subject, and that it is difficult to make public opinion leave the old and beaten track in which it has been running so long. But we have faith in the power of truth, above all of that which has for its interests of society, and we are sonfident that when healthy doctrines on menerary matters shall be better known public reason will in the end adopt them.

Our object at this moment is not to lead the Government to work to day this great economical reform, but only to indicate to it the means of obviating the scarcity of silver money, of which the county is bitterly complaining. And since the reasonableness of these means can only be shown by the same arguments which prove the reasonableness of the adoption of money of paper, we are obliged to lay before our readers the Compte-rendu of the Revue Britannique* of the above-mentioned work, where a clear and succinct exposition of the true monetary doctrine is to be found. For the present, we limit ourselves to indicating the means of filling the gap left in the circulation by the withdrawal of silver coin, and to stating in a very summary manner the principle on which these means are founded. The development of this princifind in the reprint of the Compte rendu of the Revue Britannique, of which we have just spoken, and which will be published in the cast annual published in the ca d in the next number of this journal, or at the end of this

MEANS OF REPLACING SILVER MONEY.

The price of things in use is proportionate to the demand

and the supply.

It is lowered if the supply be increased or the demand diminished; and, on the other hand, it is raised if the supply be diminished or the demand increased. This law of prices is constant and invariable, and rigidly controls every change of

The price of gold has just undergone a slight depression because the supply—that is to say, the quantity existing— has been slightly increased; we say slightly, relatively to the enormous mass of this metal which existed before the working of the mines of California.

Conformably to the said law of price, it is evident that for silver money that made of any material whatever can be substituted, provided this new money have the necessary qualisay, for serving as an instrument of exchange, and provided e quantity put into circulation have relation to the want, and do not exceed the demand.

It would be well, then, to make the new money of metals which have little value without any mixture with silver. To

employ ailver for this purpose would be pure loss.

Moreover, it would be well to make different mixtures with different metals, (common metals of course being understood,) in order to coin inoxidizable pieces having different colors; so that by simple inspection of the color their respective value can be distinguished, and by their inoxidizability the inconvenience of soiling the hands in counting them will be obvisted. Besides, the color of the pieces, resulting from the mingling of the different metals, would be a check to the counterfeiter. As to the dimensions of the pieces, there is no need of coining any of a large size, the use of which is very inconvenient. The largest, with would have the value of a dollar, should not exceed in size the piece of twenty-five cents; and then, by degrees, smaller dimensions should be given to the pieces of one-half, of one-quarter, of one-eighth, of one-tenth, of one-twentieth, and of one-hundredth of a dollar, thus abolish-

ing cents of copper.
In proposing to coin pieces of one-half, of one quarter, and of one-eighth of a dollar, we do not believe we violate the decimal system in operation. This system consists, not in the metallic subdivisions of the dollar, but indeed in counting by the decimal fraction, by the hundredth part of the dollar, which serves to state all accounts, all payments, in public or private business.

Of the new money, such a quantity should be coined that its value could equal relatively the value of the gold money which hereafter would be the only monetary standard of the

Thus, not only will the deficiency of silver money be compensated for, but there shall be substituted for it a money more converient, more economical, and unaffected by varia-tions in the price of the metal of which it shall be made. And to prevent all possibility of abuse on the part of Government, hich in cases of necessity could coin of it more than might be necessary, and thus cause a depreciation in its value, the Executive power shall be prevented from having any control over the money without the concurrence of the two Legislative Chambers; and every thing concerning the new money shall be placed under the care and responsibility of a commit of of members of the two Chambers, of commistre composed of members of the two Chambers, of commis-sions from the Executive, and of delegates of commerce, industry, and agriculture. With such precautions abuse would be impossible. There are other accessory measures to be ta-ken for this object. The reader will find a detail of them in the article in the Revue Britannique, which we spoke of above, and which is here annexed.

Criticism in the Revue Britannique of the work entitled "Financial Crises, and Reform of the Monetary Sys-tem," published in 1839, by M. L. Chitti, late Profes-sor of Political Economy.

I The loan made to the Bank of England by that of France the progressive and rapid rise of interest on capital in Eng-land, where it has advanced in a short time from \$2 to 4, 5, 6, and even to 10 per cent.; the tension, which has been a necessary result of this rise in the price of loans, in all the industrial and commercial business of a rich and powerful nation; and this in the midst of a universal peace, in a healthy condition of society, without the occurrence of any observable phenomenon likely to trouble the sources of its presiperity, are

* The Revue Britannique is a monthly publication treating of subjects of deep importance, above all of political economy; it eccupies a very high rank among the periodical works issued in Paris.

rect with England, not to make the causes which have given rise to them an object of earnest inquiry, and to induce us, if possible, to find means for their prevention.

The press, in France and in England, is much occupied by this extraordinary event, and has attributed it to different causes—to that, among others, of the importation of a large quantity of grain; but we had met with no publication in which the inquiry had been pushed to the very life-parts, so to speak, of the question, and in which the general and permanent cause of these great perturbations in the economy of nations was indicated. We are happy now to have it in our power to announce a writing published in Belgium last April (1839) in which this cause is found clearly exposed.

M. Caiter, late Professor of Political Economy, has treated the question of financial crises in a volume of small size.

ed the question of financial crises in a volume of small size. ed the question of financial crises in a volume of small size. He attributes these almost periodical drawbacks, which the prosperity of the richest and most industrious people experience to the imperfection of the monetary system, and to the necessity of employing as money some monetary signs, more suitable than money itself, to fulfil the functions of a medium of exchange; and he proposes, consequently, as the only efficacious means of putting a stop to financial crises, the reform

of the existing monetary system, and the substitution of a more perfect money in room of a metallic.

The author considers these crises from a very elevated point of view. He only concerns himself with events which carry disorder into every branch of industry, and into all the compensations of a nation, such as the fall of flow's average. mercial operations of a nation, such as the fall of Law's system; the depreciation of the assignate in France; the failures of 1825 and 1826 in England; and abstains from speaking of those financial troubles, of that industrial malaise which affects but for the moment certain classes of producers, and the fortuitous and variable causes of which escape the interestinations of science. To and average to seak out these causes vestigations of science. To endeavor to seek out these cause to endeavor, observes the author, to drive away all the physical, moral, and political evils which solic humanity.

The work of M. Chitti is scarcely capable of an analysis, being itself a very succinct analysis of the economical doctrines with which the monetary question is connected. We should limit ourselves to announcing that it runs rapidly over, throwing, however, much light upon matters which have for their object, value, credit, saving, and capital; that it sets forth, on these difficult subjects, new and just ideas, which we regret to see but scarcely indicated, the author perhaps reserving their development for a work of greater extent, which would embrace all parts of political science.

Speaking of value, after having observed that it originates in exchange, that a bag of wheat being exchanged for ten ells of cloth or for twenty one-franc pieces it is said that ten eils of

exchange, that a bag of wheat being exchanged for the ells of cloth or for twenty one-franc pieces, it is said that ten ells of cloth or twenty francs are the value of a bag of wheat, and vice versa. M. Chitti adds: Value is not wealth; it is only relation. Wealth is the possession of useful things, and value only the cipher, the reason in accordance with which use ful things are exchanged. Writers of every school have, nevertheless, confounded value with wealth; and it is this confusion which has caused so many contradictory opinions to arise on fundamental, and at the same time mos questions, concerning the economy of nations, and has re-

dered unfruitful doctrines concerning wealth.

In the chapter on capital, the author draws the distinct between capital and productive forces. Capital, he observes, is the result of abstinence; it is those products which the possessor abstains from enjoying, and which he almost always lends to a third person, but which this third person can destine to a consumption styled unproductive, as well as to that which aims to be productive. Productive forces, on the contrary, are things destined exclusively to be productive. A country can be rich in capital and poor in productive forces Witness Holland, that has the disposition of immense capital and finds it more profitable to place it out of the country that to convert it into productive forces to foster and extend industry at home. And do not think that these distinctions are unprofitable subtleties. It is precisely through their miscon-ception that the question is still pending to know if it be more favorable to the public prosperity to consume unproductively all the revenue, or to lay by as much of it as possible, con-verting the part saved into capital and destining it to producion. In fact, some say : Save, reduce your unproductiv consumptions; extend, on the contrary, the productive con sumptions; that is to say, create as much as possible products, but be very careful not to enjoy them, and thus you shall augment your private fortune, and at the same time the public. Others say : Consume all your revenue ; foster, enco rage by your expenses labor and production; and thus, whil at the same time you are procuring yourself pleasures, you deserve well of your country—you acquire a claim on public gratitude; seeing that, by your expenditures, you give bread to workmen, employment to capital, and afford the means of disposing of its produce. There is some truth in both of these opinions; but the science, in its present condition, offen no solution sufficiently self-evident to unite all opinions We should be glad to cite other new ideas on the fundamenta doctrines of the science, which are met with at hazard in th little volume engaging our attention; but we hasten to com mence the principal object of the interesting publication. We give in a tew words M. Chitti's theory of crises, and o

the means of preventing them. The financial crisis is considered by him as the result of exaggerated extension given to the industrial and commercial enterprises of a nation. This exaggeration of enterprises is itself, in his view, the result of the excessive issue of paper money, bank notes, or other; amounts, and a decouvert; that is to say, without there being in cash, the coin of which it should be the representative sign, inspires belief of the existence of capital which never had existence, of a power of disposing of productive force which the country never had, overstimulates the industria and commercial activity of the nation, and incites it to engage in enterprises out of all proportion with the real means of execution which are in its power. And let us add that this over-excitement of productive forces, giving room to a greater number of pecuniary transactions, and consequently to the employment of a larger amount of money, becomes in its turn, after having been the effect, the cause of new issues of pape money. The country is thus drawn, by a power unknown and irresistible, and with a rapidity ever increasing, beyond the bounds of reality, and stops in its unthought-for marc only at that moment when, its real capital exhausted, it per ceives, unhappily too late, that it has embarked on en terprises beyond its means. It is then obliged to settle its ac counts and to declare a general bankruptcy, to which the name crisis is given, to cover perhaps the diagrace which is attached to the declaration of inability to fulfil engagement too hastily contracted.

This is the remedy proposed by the author for prevention his great calamity. Since crises result from the excession this great calamity. issue of paper money à découvert, the remedy appears neces sarily to consist in preventing these issues, not directly, whice would be unjust and inefficacious, seeing that the power

which gives circulation to paper money is out of the power the legislator; but indirectly, and this is the method.

Having the choice of receiving bank notes or coin, why a notes preferred? Because coin is heavy, inconvenient, requires much trouble and care in counting, and much space eeping, while notes are light, occupy little space, and wit them the sums they represent can easily and quickly be counted. The preference then given to notes is the effect of their superiority over coin. What then must be done to put a stop to this preference, which is the cause of the circulation of notes, which is itself the cause of crises? Coin must have, or, to employ a more general expression, money must have the same properties which notes have. It is necessary to give it the same form and to construct it of the same material : it necessary, in short, to make money of paper. It is certain that, according to this way of thinking, when money shall have the qualities which now establish the superiority of note over coin, not only the motive for issuing notes shall cease, but the money shall be preferred to notes, since it will then be incontestably superior to them. In fact, the note being the sign and the money the thing, the note being the promise and the money the accomplishment, every one shall prefer circumstances being the same, the thing to the sign repre

senting it—the accomplishment to the promise.

It cannot be denied that this reasoning is logical, simple, as most conclusive; but has the author not foreseen how repulsive is the system which he proposes? To make money of paper! Can it be thought of, after the disasters occasioned

y paper money in every country where recourse has been ad to this fatal medium of exchange?

After reading the work of M. Chitti, it will be seen that his money of paper is another thing than the paper money, the recollection of which, and very justly, alarms the mind. Money of paper, such as he proposes, is the instrument of exchange perfected; its adoption is designed to render more easy the accomplishment of pecuniary transactions, and it can only be introduced into circulation in times of peace and only be in ause it will be regarded as a financial amelioration, as in reali y a social advancement, and not as an expedient to be hed recourse to in times of difficulty. Paper money, on the contrary, is a monetary deception, is a promise to refund that which it is sure it cannot pay; is not a new and stiff less a better instrument of exchange ; it is only a dangerous suziliary, which falsifies the measure of values, which relatitutes fiction for reality, and which is introduced into circulation only by violence in times of distress, and in the midst of cirto would be a great error, therefore, to wish to argue from sper. Moreoves, we must hasten to announce that the author has not suffice t single objection at all serious which can be brought sgainst the adoption of money of spaper, and he appears to us to have fought successfully, so as not to leave a single doesn as to the possibility of realisting this new means of exchange. In proposing the reform of the monetary system, the author of crises has, moreover, had in view an object that the state of the state o tem, the author of crises has, moreover, had in view an object still greater than that of preventing these great social calabities. He lays it down as a principle that the imperfection of metallic money is to so great a degree an obstacle to the accomplishment of pecuniary transactions, when they sequire a certain magnitude, that the industry, and consequently the wealth, of the most advanced nations would not be able to pass certain limits, if, to correct this imperfection, paper money

facts too grave; facts exercising too strong an influence on the economy of other nations, having relations direct or indicate the economy of other nations, having relations direct or indicate than metallic the functions of a medium of exchange. In fact, renders gold and ailver proper for serving as monetary materials; without the intrinsic value, it is objected, that of commissions of the intrinsic value, it is objected, when a country has arrived to a certain degree of wealth, the development of its productive forces gives room to pecuniary transactions so numerous, rapid, and important, that there is a physical impossibility in their accomplishment by metallic money. Thenceforth, the employment of a money more in accordance with the rapidity and magnitude of the exchanges becomes an imperious necessity; and one most unavoidable, since the tichest and most intelligent nations, in spite of the danger of being drawn into the abyse of crises by the abuse of the property have never thought of appropriations.

We are now about to lay before our readers the arguments by means of which M. Chitti demonstrates the possibility of the reform in question, and the measures which he advises for preventing the abuse of a money the material of which is almost valueless, and the fabrication of which requires but little labor and expense.

II. In the preceding paregraph we have given a brief sum mary of the doctrines contained in the work we have under mary of the doctrines contained in the work we have under-taken to analyze, and we have approved of the views therein exposed, concerning the cause of crises and the means of pre-venting them. But we should be the first to consider these octrines as brilliant chimeras, if the author had not taken care to answer at once the serious objections which can be opposed to him, and to show afterwards that the system is cap-ble of realization, by pointing out practical means for its execution. We confess that, after the first reading of this execution. We confess that, after the first reading of this book, the mind is astonished, by finding itself away out of the sphere of ideas, adopted by common opinion until this time as the base of monetary theories. We are so convinced that gold and silver are the money par excellence, that the understanding refuses to recognize the existence of any other substance capatile of serving as monetary material; and that this substance, although having almost no value, could acquire the existence and consequently. one very great and exempt from variations, and consequently be most proper for fulfilling perfectly the functions of a me-dium of exchange.

There are certainly in the work of M. Chitti a great bold-

ness of thought and a lively desire of innovation, but we also remark severity of method and scrupulous care to maintain the discussion within the domains of reality. He who prothe discussion within the domains of reality. He who proposes the adoption of money of paper, at the same time shows in himself very inimical to paper money, whether bank notes or other, since these promises are issued à decouvert; that is to say, without there being in reality the coin which they are regarded as representing, and without it having bein previously deposited in the cash boxes of the establishments which sign them. Far from participating in the opinion which attributes to paper money the power of augmenting the capital of the country, and of creating new means of production, M. Chitti thinks that, capital being the products which the possessors abstain from enjoying, in every state, at these products are a determinate quantity only to be augmented by new productions and new abstinences, the paper money issued a decouvert is only some engraved paper, of no utility, adding nothing to the capital in existence, and serving only as an instrument of deception to abuse the public confidence, to lend funds not possessed, to dispose of products which are at the disposition of another. The consequence of this intusion into the circulation of imaginary capital of false monetary comments the capital in the cap signs, is the arrival in the market of purchasers who, tiving in payment ideal values, provoke an erroneous increase the demand, a deceptive advance of prices, a fatal exaggera-tion of all the industrial and commercial enterprises of the country, and at last brings about the crisis, the hideous crisis, which infallibly results when the productive forces, wasted away by his febrile over-excitement, are obliged to abandon works undertaken, leaving on the field of labor but ruins and

Considering the issue of paper money à découvert under another point of view, the author arrives in like manner to the same result. By the issue of paper money à découvert, he observes, the amount of money in circulation is augmented, and consequently a fall in the value of money is produced. Then, since gold and silver pieces preserve their metallic value, which is distinct from their monetary, they are wandrawn in part from the circulation and become again ingots, to be sent out of the country, and this retreat of gold and silver coin provokes new issues of paper money, and therefore new meltings down of metallic; so that the time comes when all or almost all the office of exchange is effected by means of paper noney. So far the evil is not very great. If the metallic money. So far the evil is not very great. If the metallic pieces have gone out of the country under the form of ingois, they have brought into it foreign products of an equivalent value; but the country is placed on the brink of a precipice by the absence of metallic money. See how this is. The paper money, which is then almost the only kind in circulation, bears the promise of redemption at sight and in cash. the inability to redeem becomes flagrant, the paper loses on the instant all its value, and, since the metallic pieces have been sent abroad, the country finds itself at once deprived of money, no one can fulfil his contracted engagements, and the nation in mass is forced to declare itself in a state of ruin. It is thus that the scaff iding of the pretended capital in paper money gives way, that to the brilliant illusion of boundless succeeds the sad reality of inability to continue works conceived on too large a scale. The paper money losing, then, all its prestige, becomes what it used to be, paper, and the country is obliged to submit to rude sacrifices in order to bring back the metallic money into the circulation, and to re-establish order in its interior economy. And the paper money not being redeemable, the crisis would none the less take place even if the issues should be repeated often and profusely, as happened overwhelmingly in France after unlin of assignate; unless by a wise measure they limit them, with-draw the quantity of paper which exceeds the want of the nation, and thus restore the primitive value to that remaining in circulation. The Bank of England acted in this manner after the peace of 1815; she brought up the value of the notes again to that of the metallic pieces, by gradually withdrawing from the circulation the quantity which was in excess, and which was the cause of their depreciation.

The conclusion which the author deduces from these coniderations is, that the issue of paper money à découvert is productive always of a perturbation more or less great in the economy of the country, and ends, if the issues exceed certain limits, by plunging it into the calamities of a crisis.

According, then, to the ideas we have just set forth the

that is to say, the substitution of money of paper for money of metal; for then the money being of paper there no longer exists any motive for confiding to paper money the office of

exchange.

It remains now to us to speak of the possibility of realizing the idea. this substitution. At first we shall announce briefly the ideas of the author on monetary value, through which he draws the conclusion that to paper can easily be given a great value, and one exempt from variations, and afterwards we shall point out the practical means which he thinks should be made use of in order to introduce without jarring the money of paper

III. The value or the price of every product is the result, lst, of its usefulness; 2d. of the extent, intensity, and urgency of the wants it is destined to satisfy; 3d. of the extent of the posal to satisfy them; 4th, of the quantity offsted, in which is comprised not only the quantity offsted in market, but also that which it is presumed can be; 5th, of the urgency on the part of the possessors to exchange it for other products. And, in other words, the price of products is determined by the supply and the demand, this being a summary way of expressing the five circumstances we have just stated. Monetary value has no other source. Money satisfies a want, one of the most extensive and imperious of society, that of ex-changes. The thing which is fit to satisfy this want necessarily has value, provided its quantity be limited; and more-over its value will be exempt from variations if the quantity metals spread over the universe be considered, their value continues the same. But gold and silver are not sufficiently good monetary material in regard to volume, weight, facility of transport, of counting, and above all in regard to cost, the precious metals being the dearest material that can be employed in the fabrication of money. Paper, in the form of bank notes, possesses incontestably better than gold and silver the qualities of good money, except that of value, which is cer-tainly the vendamental quality which all money should have. But, in accordance with the principle of supply and demand which we have stated above, it is sufficient, in order to give value to money of paper, to limit its quantity. Here exists the whole secret for converting into current money bits of paper without value, for giving to them value, and a great value, and render them suitable for serving as intermedia of

der ange.

Let Government, which has charge of the general interes of society, be the sole and exclusive fabricator of money; let its power of fabricating be circumscribed by limits it cannot transgress, and thus the problem of money of paper is solved. Here are presented various objections which the author has taken care to foresee and to combat. We shall point out the most important.

. When this article was written the mires of California had

he, any money, for monetary value is nothing else than the value of the material of which it is formed. The author answers: according to the principle of supply and demand it is not the intrinsic, that is to say the metallic, value of the pieces that confers upon them their monetary 'value; the two values, although united in the same piece, are distinct, becomes an imperious necessity; and one most unavoidable, since the tichest and most intelligent nations, in spite of the danger of being drawn into the abyss of crises by the abuse of paper money, have never thought of suppressing this indispersation of paper money, have never thought of suppressing this indispersation of paper money, have never thought of suppressing this indispersation of paper money, have never thought of suppressing this indispersation of paper money, have never thought of suppressing this indispersation of paper money, have never thought of suppressing this indispersation of paper money, have never thought of suppressing this indispersation of paper money, have never thought of suppressing this indispersation of metallic money. When it is remembered that in London alone there take place, on an average, every day payments to the amount of more than seven millions of pounds sterling, it will easily be understood that it would be impossible to effect them, if it were necessary to employ gold and silver pieces.

The reform of the monetary system, then, is one of the greatest questions of mankind, having a far higher reach than is generally imagined, and we owe guatitude to the author of crizes, for having engaged in it with frankness, and without hesitation, in spite of hindrances, and, above all, of the powerful interests which his doctrines must necessarily alarm.

We are now about to lay before our readers the arguments

On the other hand, gold sovereigns are worth as much as the metal which they contain, because every one is free to coin ingots into money, or to melt down and convert the money into ingots; that is to say, that as soon as the monetary value of the pieces is raised or lowered, relatively to the value of the metal which they contain, private interest, which watches over these variations in order to draw profit from them, re-establishes immediately the equilibrium by buying up the ingots to convert them into pieces of money, or by melting down the money to convert it into ingots. By the first of these two operations it augments, and by the second it diminishes, the amount of money in circulation, and thus brings back, by making the cause of its variation to disappear, the value of the money to the level of the value of the metal contained.

It is this almost constant equality of level in the two values existing confounded in the pieces which deceives inattentive minds, and makes them believe the monetary value of the pieces to be nothing but the reflection of the value of the metal they contain; and we add that to this cause of deception is to be added another, more abstract and more difficult to seize hold of, which lends to the error just noticed a greater appearance of truth. It is this: The utility of products is independent of their value. Money is the only exception to independent of their value. Money is the only exception to this maxim; its value, on the contrary, is the principal element of its utility. If wheat were given us by Providence as a sir, without measure and without labor, it would have no value, but nevertheless would preserve its utility—the property of furnishing us with sliment; if money should lose its value, it would lose at the same time all its utility; that is to say, it would cease to be money. From thence it is con-cluded that value should pre-exist in the thing they wish to employ as money; and, in other terms, that objects which

The author thus answers to this specious objection : In a state of civilization but little advanced, where social ideas are but little developed; where the need of money commences scarcely to make itself felt; when exchanges take place only for a small number of products, each family making for itself the greater part of the things demanded by its wants, in such state of civilization its multiple civilization its multiple state of civilization its multiple civilization its multiple state of civilization its multiple civiliz a state of civilization it would be perhaps difficult to employ, as an intermedium of exchange, any other thing then products having value. For when society is in its infancy there exists no political institution which can be charged with the general interests of the community, which can be commis-sioned to act in the name of all, and to create things needful to all, and whose creation is out of the power of each one individually. Not only material things, as roads, public edifices, harbors, &c., but things of moral usefulness, as the administration of justice, the public force, worship, &c., belong

to a civilization more advanced. The money is also one of these creations which have devolved upon the power which represents society; and if it be recognised that a certain material which has no value possesses meanwhile, to an eminent degree, other qualities which render it proper for the composition of a money more perfect than that fabricated from a material having value, it is not difficult to give it the lacking quality, value, the indispen-sable element of all money. To monopolize the fabrication of money, to make it the exclusive attribute of the Governnent, is sufficient. It is certain that Government, having the sole fabrication of money, if it issue it only in the quantity called for by necessity, and if the money which it fabricates possess all the other qualities which render it proper to serve as an intermedium of exchange, it of necessity shall be in demand, and consequently have value, since in the actual state of civilization in our societies no one can renounce the use of money in order to exchange things which he possesses

against those which he needs.

Second objection. One proof: they object again that the value of money is nothing but the value of the metal of which it is formed. Is the powerlessness of Government to maintain at the same height the value of pieces after having altered their weight or their standard? It is not, answers the author of Crises, the alteration in weight or in standard which has lowered the monetary value of the pieces, but the increase of the number in circulation. If this number has been main-tained, and the other economical circumstances of the country had remained the same, the altered money would have preserved its primitive value. In every country the service So soon as the excess of issue sensibly depreciates its value of exchanges requires the employment of a certain quantity confidence in it is shaken; the more fearful or the more farwhich the pecuniary transactions give rise, there be necessary in all a monetary value equivalent to the value of ten millions of hectolitres of wheat, it is evident that if this value be divided into one hundred or two hundred millions of mits, the value of each unit shall equal, in the first case, the one-tenth, and in the second the one-twentieth of a hectolitre of wheat; that is to say, that the greater the number of monetary units thrown into circulation the greater shall be the decrease in value of the monetary unit, although the total value remains always the same. This truth is confirmed by expe-

In 1810, according to Jacob, the amount of currency in England was as high as forty-eight millions of pounds sterling; in 1814, as high as sixty millions; and in 1829 it was reduced to forty millions. Well, the forty-eight millions in 1810, the sixty millions in 1814, and the forty millions in 1829, represented at these different epochs the same value— a value about equal to that of ten millions of ounces of gold; the accomplishment of the transactions of the country de-manded the employment of this monetary value; and if the amount of money in circulation had been reduced to twenty millions, it also should have a value equal to ten millions of the monetary unit at the three above mentioned epochs, it was proportioned to the number found to be in circulation. In 1810, 4½ pounds sterling must be given to buy one ounce of gold; in 1814, 5½; and in 1829, 3 and 9-10 are sufficient.

Thus the author concludes that if Governments which have altered the weight and standard of money have not increased according, then, to the ideas we have just set forth the cause of crises is the excessive issue of paper money, and we have seen in the preceding paragraph that the only means of preventing these issues is the reform of the monetary system, that is to say, the substitution of money of paper only to procure extraordinary resources in times of poverty, have put again into circulation the same quantity of metal, divided into a greater number of coined pieces, by which the value of each piece must necessarily be diminished.

Third objection. How a State, adopting money of paper, would be able to regulate its accounts, resulting from its commercial relations with other nations.

mercial rela ions with other nations. Always, observes the author, by means of gold and silver, which can be regarded as international money, and in the same way that they are regulated now, when these metals are

the monetary material of every nation.

A draw on Paris for 10,000 france is worth in London, par, fifty kilogrammes of silver at 9-10 fine; the eciphers inscate the weight and standard of the silver contained in 10,000 pieces of one franc. Then it would have the same value even when the payment would take place in money of paper, if 10,000 francs of this money bought equally in the market of Paris fifty kilogrammes of silver of 9 10 fine. Seeing that the value of the money of paper is free from variations to which the value of the money of metal is exposed, the exchanges of the country, whose money is of paper under equal conditions, would be favorable to it.

Fourth objection. But how prevent abuse in the issue of a

money whose material costs almost nothing, and whose fabrication is of no little expense?

This objection is vital. If abuse in the issue cannot be

prevented, and every security on this essential point given to public opinion, the adoption of the money of paper would be

Under a rule of uncontrolled power, where the will of the sovereign is law, then money of paper does not offer perhaps sufficient security as to the inviolability of the quantity put into circulation; although, to tell the truth, in absolute Govinto circulation; although, to tell the truth, in absolute Governments, where an enlightened and honest man is reigning, confidence can be placed in his intelligence and his word. But under a representative rule, where the laws are discussed and voted with solemnity and publicity, there it is very easy to place the money of paper out of the reach of abuse. First, the fact even of its adoption is a sufficient gusranty, because it supposes sufficient intelligence in the country to know that the resources are not multiplied by multiplying the monetary units; and that in cases of necessity the abuse of issue would aggravate instead of mitigating the evil whose removal was had in view. All previous examples of abuse which Governments, even the representative, have made with paper money, prove nothing against this consideration. Paper money has been an expedient to which recourse has been had in case of distress; its creation has been itself an abuse; on the contrary, the money of paper is an essential wheel of the social trary, the money of paper is an essential wheel of the social mechanism, and the people who employ it are not ignorant that it would cease to perform its functions well if the form

were altered or its power weakened. The author points out many means in order to resesure the mind concerning the abuse of issues. The principal are, first, to attribute to the Legislature exclusively the right of authorizing the issues, and of taking every other measure having relation to the monetary system. Second, to confide the execution of the monetary laws and ordinances to a mixed committee, responsible, composed of members of the Legislature,

ners of Government, of delegates of commerce, industry, and agriculture. Third, to render obligatory the monthly publication by the journals of the number of monetary unities put into circulation, and of every measure in which

the money is concerned.

As to the practical means of substituting, without jarring the money of paper for the metallic money, M. Chitti be it of use, in order not to shock popular opinion and cus to preserve the same denomination to the monetary unit, and to regulate the issues so as to bestow upon it the same value. In this end he grants at first different periods of time, in order to arrive at the definite conversion of the metallic money order to arrive at the definite conversion of the metallic money into money of paper, and gives afterwards to the committee on money the business of augmenting and of diminishing the number of monetary units in circulation, in proportion as their value rises or falls in respect to the value of gold or silver. And in this view the committee shall have charge of purchasing ingots when their value, for example, is below 222 22 francs for each kilogramme of pure silver, or 3,444.44 francs for each kilogramme of pure gold, and of selling them again when above. By this means the equilibrium is sure to be reestablished at the same instant that it is broken, and the monetary value of the paper maintained constantly at the level of established at the same instant that it is broken, and the mo-netary value of the paper maintained constantly at the level of the value of the precious metals. This equality of value is not a necessity in the paper monetary system, but it is useful as not changing the customs of the country in respect to monetary value, and as maintaining, at an invariable par of the money of paper compared with the metallic mone of other States. We shall finish this long article by pointing of other States. We shall finish this long article by pointing out an accessory advantage which the country shall derive, where money of paper would be introduced. This advantage consists in having at disposal the amount of gold and silver coined into money, which no longer would be needed for the purpose of exchange. This would be a veritable gift which the country would receive, without the smallest cost to any one; a gift, moreover, of considerable importance, since the metallic money in circulation in Belgium is estimated at 300,000,000 francs, that in France at the enormous sum of 2,500,000,000,000, and that which England employs at the third of that sum, on account of the shundance of paper.

f that sum, on account of the abundance of paper.

And in conclusion we will say, that the work of M. Chitti, And in conclusion we will say, that the work of M. Chitti, written with profound conviction, with method, with clearness, and simplicity of style, merits to be meditated by serious minds, which are occupied with objects of general interest, and above all by the statesmen who have the lofty and noble mission of realizing the social ameliorations which progressive intelligence discovers and points out to public attention. After our compte-rendu of the work which has formed the subject of the three preceding paragraphs, we believe that our readers will be desirous of making the application of the doctrines therein developed to the financial embarrassment which England at this time is experiencing, and to that which, since 1836, has been afflicting the United States, and threatens to become a veritable crisis in all the extent of the word.

The Bank of England, from the importance of its capital and from its privileged position, exercises a moderating power over the use of credit by the other banks which, like it, issue paper redeemable at sight and in coin. Enlightened by the

paper redeemable at sight and in coin. Enlightened by the atastrophe of 1825 and 1826, she watches over the issues with sustained attention, so as to prevent, by indirect means, not being able to employ others, too great a quantity of paper being thrown into circulation, and bringing about the same

The symptom by which the bank recognises the existen of an excess of paper in the circulation is the diminution of its reserve of coin and of ingots. The amount of this reserve is, it is true, always inferior to the amount of its issues; but there is a limit beyond which the difference between these two quantities announces that there is an excess of currency in circulation. What does the Bank of England do when it perceives that coin is going out of its coffers too abundantly t raises the price of the interest of its discount in order to di minish the amount of bank notes in circulation, and to bring in the metal. In fact, if on the one side it has en portefeuille, in the metal. In fact, it on the one side it has en portereutie, for example twenty millions of pounds sterling to collect in the current month; and on the other, if, in consequence of the increase of interest, there be presented for discount during the same month but fifteen millions of drafts and notes, it will withdraw from the circulation five millions of paunds sterling, either in bills or in metal, and thus by degrees it brings again to its normal condition the relation of its issued bills t allic reserve.

This means has succeeded for some time; but as the other anks of Great Britain do not think themselves always obliged to keep the same reserve, and continue to issue largely their paper, the Bank of England takes a new measure, that of re-fusing the discount of every note and draft bearing the signature of a bank of issue, in order to force these banks to restrict their operations.

We cannot foresee the efficacy of this arrangement ; but this is certain, that all these measures, taken with the sim of preventing the crisis which would be the inevitable consequence of an increasing issue of paper, become themselves the cause of a very grave evil, that of alarming the mind, of flightening capital, of bringing trouble into all industrial and commercial affairs, in one word, of paralyzing the action of the

roductive forces of the country.

And why all this disorder, all these slarms? Is it that England has fallen from her power? Are there no more at her disposal, the same productive intelligences, the same arms, the same capital? Is it that the nations with which she holds sighted hasten to have it redeemed, and very soon the cry of given time requires the employment of a given quantity of pened. Things are where they were before the alarm of the on the 19th of February. The Boston Traveller of F have spread it through all the country. From whence, then, comes the evil? It comes from this, that a considerable num-ber of banks and bankers stamp money by issuing bank notes decouvert, provoke discounts, excite the spirit of enterprise, swell more and more the flood of currency in circulation, and then it is very necessary that the moderating bank should

raise dikes to prevent the inundation.

If, on the contrary, there were but one kind of money irculation, the legal money, that issued by Government is quantities proportioned to the want; if this money were as convenient as bank notes, so that there would be no longer pretext for issuing monetary signs, then the mass of the curency, not being able to undergo great variations, there would exist no longer any motives to trouble the economy of the country, in the aim of preventing a danger with which it should no more be threatened.

Then, as the means of putting a stop to the circulation of notes is the adoption of paper, it is evident that, so long as England shall preserve her metallic money, there will be issues of notes, permanent danger of crises, and necessity, in consequence of preventive measures, although injurious to the regular advance of production. She will be obliged to live in a continual state of alarm, to restrain the soaring of it

See the vicious circle in which Great Britain is forced to turn if she obstinately maintains her system of metallic currency; and let it not be believed that she can change this condition of things by forbidding issues of paper. Such a prohibition is impossible. Paper of credit is for England a social necessity, so long as her money is of metal. Seeing that this money, being unsuitable for effecting the enormous amount of payments to which its numerous and important northwester at Calcutta, 1,200 miles apart, after a synchronous descent of three days; it continued to fall at Madria till the 16th. At the first-named place southerly winds, with clouds and rain, prevailed on the 12th, and on the same day there was a furious thunderstorm, and on the 11th a northwester at Calcutta. On the 9th, and again on the 14th, there was a furious thunderstorm, at Matria till the 16th. At the first-named place southerly winds, with clouds and rain, prevailed on the 12th, and on the same day there was a furious thunderstorm, and on the 14th, and again on the 14th, there was a furious thunderstorm, at Matria till the 16th. At the first-named place southerly winds, with clouds and rain, prevailed on the 12th, and again the first-named place southerly winds, with clouds and rain, prevailed on the 12th, and again the first-named place southerly winds, with clouds and rain, prevailed on the 12th, and again the first-named place southerly winds, with clouds and rain, prevailed on the 12th, and again the first-named place southerly winds, with clouds and rain, the first-named place southerly winds, with clouds and rain, and the first-named place southerly winds, with clouds and rain, the first-named place southerly winds, with clouds and rain, and the first-named place southerly winds, with clouds and rain, the first-named place southerly winds, with clouds and rain, and the first-named place southerly winds, with clouds and rain, and the first-named place southerly winds, with clouds and rain, and the first-named place southerly winds

it cease, will necessarily be reproduced at epochs more and more near tegether, if England does not employ the only means for causing it to cease forever, that of the adoption of

money of paper.

All that precedes is applicable to the United States. There the causes of financial perturbation are more powerful than in England. In the United States no bank is invested with the moderating power of credit, as the Bank of England. There the number of establishments which issue notes payable at sight is out of all proportion with the real quantity of capital existing in the country, and the torrent of money in circulation is ever on the point of overrunning its bounds.

In 1836 the cry of alarm was sounded, but the good sense

the country, having allowed the paper to circulate even afte the declaration of non-redemption, prevented the catastrophe Meanwhile this state of things cannot long continue. The country is continually in danger of seeing its paper made country is continually in danger of seeing its paper made worthless as money, and of being deprived in one day of every means of exchange. Imagine eight hundred banks which all issue bank notes à decouvert, which all excite speculation by facility of discount, and whi h all provoke a fictitious height of price. The fatal moment must inevitably come, and the crisis take justice for all this phantasmagoria of imaginary capital and ideal wealth: it is only a question of time, but

he catastrophe is inevitable.*
It need not be concluded from what precedes that the United States are a nation poor and without resources. There are few States which can rival it in wealth and in industrial and commercial power, and none in agricultural wealth. It is its menetary system which pushes it beyond the bounds of reality, and will oblige it sooner or later to re-enter them, abandoning all the works executed on the domains of illusion.

We conclude with the author of Crises, that it is time for

wealthy nations, which put into action a great industrial and commercial power, to reform their monetary system, which exposes them to the danger of crises, or to the evils which accompany the measures taken to prevent them, and to adop money of paper—a certain safeguard against the exaggera tions of enterprises, and, in consequence, against the calamities which are their result.

That which precedes was written in 1840, when the news of the suspension of the banks of Philadelphia and of other States of the Union arrived. Since that time, in the greater number of States, wise special laws on the organization of banks place irrefragable barriers to excess of issue of paper of eredit, and remove, in consequence, the dangers forescen above.

M. CRITTI.

AN INTERESTING ORIGINAL LETTER

FROM THE PHILADELPHIA SUN.

Gen. Wayne's Opinion of Brnold. A kind friend has placed in our hands an original letter written by Gen. ANTHONY WAYNE to a gentleman of this vicinity, which will be read with nterest as containing the opinion of one of the bravest of our Revolutionary officers upon the treachery and previous character of Benedict Arnold. We give the letter entire:

HAVERSTRAW, NEAR STORY POINT,

Mr DEAR SIR: Will you do me the justice to believe that either want of affection nor inclination, but a thousand other ntervening circumstances, have prevented me from writing ooner. Indeed, my dear sir, we have hitherto had but a very issgrecable campaign ; what with private feud and public misfortunes, I am almost distracted and worn down. Just as I hadeffected a temporary reconciliation among the officers of this line to measures which had wounded their feelings, and beginning to feel a little happy, the perfidy of Gen. Arnold has opened a new field for anxiety of mind, and distrust of some others, both in the cabinet and the field.

I can't say that I was much shocked on the occasion. I had ong known the man; as early as 1776 he produced a conviction to me that honor and true virtue were strangers to his soul-and, however contradictory it may appear, he did not possess either fortitude or personal courage. He was naturally a coward, and never went into danger but when stimulated by liquor, even to intoxication; consequently not capable of conducting any command committed to his charge. But, however that may be, had he succeeded in the dark affair, Charleston and the other recent military checks we have experienced in South Carolina would be trifles to the loss of West Point and its dependencies; for, by possessing that pass, the enemy would effectually separate the Northern and Middle States, and prevent any possible communication short of half moon, situate twelve miles north of Albany. By this means they might direct their whole force to any point without being in danger of a junction of the forces of these States to molest them in their operation.

The storm was to have taken place last Tuesday night, or the next morning. The garrison of West Point was so detached, and the works so wretchedly manned and provided, that the whole must have been carried in twenty minutes. His Excellency fortunately-very fortunately-arrived at that place about half an hour before the treachery was discovered; but Arnold made his escape in a boat, and proceeded down the river as a flag, and got on board the Vulture sloop-of-war. The General expecting that, as the enemy were embarked, and every thing in perfect readiness for the enterprise, Sir Henry Clinton would (notwithstanding the discovery) attempt to carry the works by assault, well knowing the debilitated state of the garrison and the proper points of attack, and that our army was not within supporting distance, he there-fore dispatched an express at seven o'clock that evening, which reached us by twelve at night, directing Gen. GREENE to order the Pennsylvania line to proceed with all possible dispatch under my command, and endeavor if possible to get possession of the defiles leading from Stony to West Point. We immediately marched, leaving our camp standing, and by sunrise passed that pass, being upwards of sixteen miles in four hours, performed in the night, without a single man left behind.

Here we yet remain, waiting for Sir Harry's motions ; but, knowing our position, he will not be hardy enough to persevere in an enterprise (although a very favorite one) that would be the price of much blood. I shall not commit myself to the fortifications, but will decide the fate of the day at the point of the bayonet in the gorges of the defiles, through which the enemy must pass before they reach the works.

My kindest wishes to Sister Sally and her little people; present my best respects to mother Penrose, and believe me yours, most affectionately, ANTY: WAYNE.

BAROMETRICAL OPERATIONS.

FROM THE PORTSMOUTH (N. H.) JOURNAL.

IMPORTANT SCIENTIFIC FACT .- It will be recollected that in January and February of the present year the changes of the barometer were very frequent, and the elevation here greater than had been noticed for twelve years; on the 19th of January our barometer rose to 30.83; on the morning commercial relations have no longer any thing to give her in exchange for her products? No; nothing of this has hap- of the 13th of February to 31 inches; and to the same height 14th gave the following notice of the remarkable state of the barometer that week :

"The barometer Thursday morning, February 13, at 9 o'clock, attained the extraordinary altitude of 31.02, reduced to the temperature of 50, and to the mean level of the sea. This is the third extraordinary condensation of the atmosphere, in this vicinity, within the last three and a half weeks, and as such, we believe, unprecedented even here where the barometer is believed to rise as high as in any other part of the earth. The last time it rose to thirty one inches was on January 1, 1839, viz. to 31.11, which is supposed to have een the highest recorded at any place at the above level."

The mails of this week bring us the following intelligence from India, showing that at the same time, within a day of the greatest elevation of the barometer here, there was the lowest depression in India. Here it was three days rising to the maximum, there it was three days sinking to the

FROM THE BOMBAY TIMES OF MARCH 3.

EARTHQUAKES IN INDIA .- Barthquakes appear to have live in a continual state of alarm, to restrain the soaring of its productive forces from the fear of a too strong excitation; or, if she takes no care of issues which increase beyond what is needed, the amount of the currency elevates prices, and stimulates to foolish enterprises, she must resign herself to undergo periodical crises more or less sad than that of 1825-'26, but always destructive of a part of her riches and of her prosperity.

See the vicious circle in which Great Britain is forced to three days; it continued to fall at Madria till the 16th. At been felt pretty extensively over the Punjaub or the north-west province on the 17th and 21st of January, and on the amount of payments to which its numerous and important pecuniary transactions give rise, it is indispensable to have recourse to the intervention of paper of credit.

It is thus that, by the doctrines developed in the work of M. Chitti on crises and financial reform, we arrive at the real causes of the financial difficulty which afflicts Great Britain, and we can boldly predict that this state of suffering, should it cease, will necessarily be reproduced at epochs more and more near tegether, if England does not employ the only means for causing it to cease forever, that of the adoption of over the Punjaub. over the Punjaub.

This fact is important to science, and should be the basis-

for future observations. From the foregoing statement it will appear, a scientific friend suggests, that sympathetic undulations of the barometer sometimes extend around the world; in this case a converse change taking place at the same epoch in the oppositeemispheres.

FORCE OF WAYES .- It is difficult to conceive of the imnense force which is exerted by the waves of the sea, when mense force which is exerted by the waves of the sea, when driven on by a strong wind. The late catastrophe at Minot's Rock gives us some idea of this tremendous power, and shows us how feeble are the strong works of man when opposed to the fury of this element. At the last meeting of the British Association, THOMAS STEVENSON, civil engineer, gave the Association, Thomas Strvenson, civil engineer, gave the results of his observations on the force of the waves, made by means of the marine dynometer. The greatest result registered in the Atlantic ocean, was at Skerrymore Lighthouse, during a westerly gale of the 29th of March, 1845, when the force was 6,083 lbs. or three tens per square foot. The greatest result registered in the German Ocean was 3,013 lbs., 2015. or about one and a half tons per squares foot. On the 20th of November, 1827, in a heavy ground swell after a storm, solid water rose at the Bell Rock Lighthouse 106 feet above the level of the sea, irrespective of the depth of the trough of the wave. Such an elevation is due to a head of water of the same height. The force, then, which urges the lower courses of the Bell Rock, must have been nearly three tons per square foot, a force which, when exerted upon a large extent of surface, becomes almost inconceivably great:

ACCIDENTAL HANGING .- John R. Griffith, a boy sixteen years old, hung himself in Delaware county, (Pa.) on the 17th instant. He had frequently talked about the conviction and sentence of Pharaoh, at West Chester, and doubtless and sentence of Pharaoh, at West Chester, and doubtless he thought he would try the experiment how one feels when hanged. He made a knot or loop large enough to admit his head, in one end of a wheelbarrow strap about four feet long, and, ascending a plank, fied the other end to a pole lying across two beams. It is supposed that, while engaged in arranging his plans, he slipped and fell from the plank, as, when discovered, his neck was dislocated, and his feet were resting on the ground.